

"HVCB Tourism Industry Update" is a bi-weekly briefing of travel news and developments affecting Hawai'i's visitor industry, compiled by the HVCB Market Trends Department.

FOR IMMEDIATE RELEASE

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1. FEATURE

⇒ Meetings, Conventions and Incentives Arrivals to Hawai'i Up Two Percent Through July

According to the state [Department of Business, Economic Development, and Tourism](#) (DBEDT), arrivals from the meetings, conventions, and incentives (MCI) market totaled over 370,000, up 2.1 percent through July compared to the same seven months in 2005. Domestic MCI arrivals, which make up over three-quarters of the market (76%), were up 3.6 percent, while international MCI visitor counts declined 2.1 percent through July.

- The increase in total MCI arrivals to the state was in large part due to the 16.8 percent increase from the U.S. East – the largest MCI market for the state, with a total of 143,786 through the first seven months of the year
- U.S. West MCI arrivals totaled nearly 116,400 through July, down nominally (-0.3%) from prior year levels
- July MCI figures were boosted in part by the 10,000 delegates who attended the American Veterinary Medical Association Annual Convention held July 15-19 at the Hawai'i Convention Center (HCC)

HVCB and SMG: Greater Marketing Coordination

HVCB and SMG (responsible for Hawai'i Convention Center marketing and operations), the two state contractors marketing to the MCI market, are further integrating their respective marketing efforts to attract business to Hawai'i. The new joint efforts underway include:

- HVCB and HCC will both use the common marketing tagline, **Where Business and Aloha Meet**
- HCC has modified its logo to incorporate the Hawai'i "Brushstroke" trademark
- The selection of a single marketing agency to develop advertising and collateral marketing materials
- PR activities are jointly coordinated and a consolidated set of templates for marketing communications is being utilized
- HVCB and HCC photo images and video libraries will be consolidated later this year
- A common website will be developed and launched (scheduled for 2007)
- Establishment of a joint promotional tradeshow calendar consolidating both contractors' promotional activities
- Revamp of HCC and HVCB advisory board activities to broaden cross-representation

- Hawai'i should experience a boost in Fall shoulder season MCI visitation due to the American Dietetic Association's Food & Nutrition Conference and Expo, taking place at the HCC between September 16-19, 2006

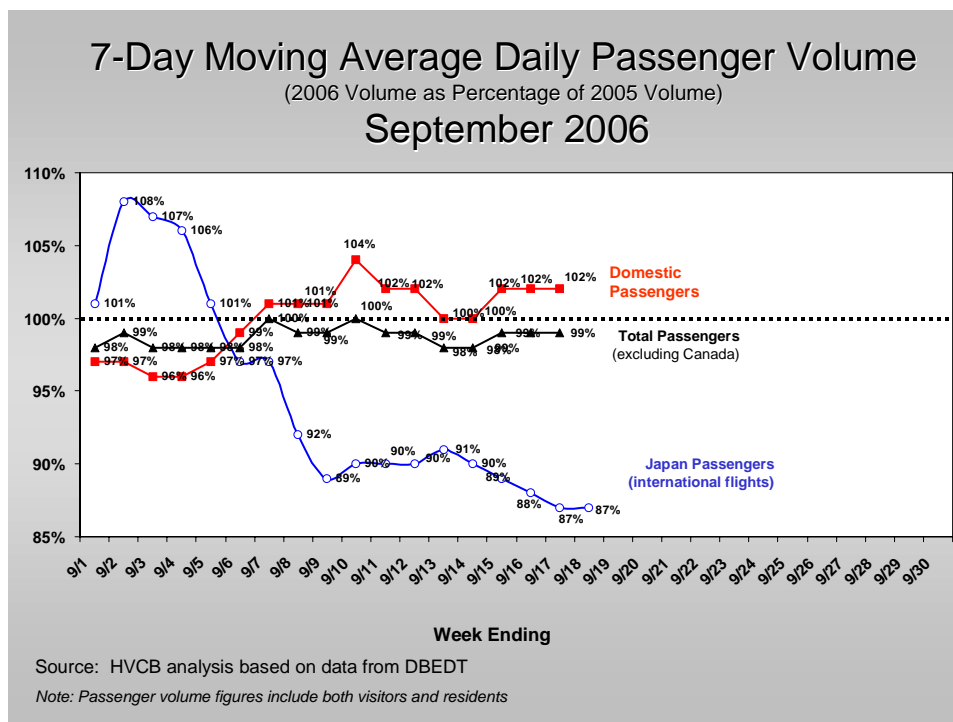
2. HAWAI'I

■ CONSUMER TRAVEL BEHAVIORS

➤ Domestic Passenger Volume Two Points Above Prior-Year Levels for Week

According to statistics published by the state [Department of Business, Economic Development and Tourism](#), domestic passenger volume on nonstop flights to Hawai'i was two points above prior-year levels for the seven-day period ending September 17, 2006. Total domestic and international (excluding Canada) passenger volume ended the period one point below prior-year levels, while nonstop passenger volume from Japan to Hawai'i was down 13 points for the week.

For the most recent Seven Day Moving Average chart, visit HVCB's Market Trends Online: <http://www.hvcb.org/trends>



■ CURRENT INDUSTRY DEVELOPMENTS

➤ Hawai'i Residents Ranked as Having the Longest Life Expectancy of Any State

According to a new study by Harvard University (Initiative for Global Health and the School of Public Health), the average life expectancy of a Hawai'i resident is 80.0, the highest of any other state (reported in [Business Week](#), "Say Aloha to Long Life."). Minnesota (average age, 78.8), Utah (78.7), Connecticut (78.7), and Massachusetts (78.4) rounded off the top five states with the highest average life expectancy, while Washington D.C. (72.0) ranked 51st out of 51. The research calculated life expectancy in every U.S. county with several factors including race, income, population density, and murder rate.

3. NATIONAL / INTERNATIONAL

■ CONSUMER TRAVEL BEHAVIORS

⇒ Luxury Consumer Confidence Falls in the Second Quarter

Consumer confidence by luxury consumers (average income = \$147,900; average age = 43.4 years) dropped 14 points during the second quarter after reaching a high of 113.2 in the first quarter 2006, according to Unity Marketing (reported by [Travel Wire](#)). This follows two consecutive quarters of rising luxury consumer confidence. Officials state that many factors contributed to the drop in luxury consumer confidence, including high gas prices, which threatens price inflation, as well as the impact of continued unrest in the Middle East. However, of all of the categories measured by the index, only experiential luxuries (including luxury travel, dining, entertainment, home services, and spa/beauty services) increased during the second quarter – spending on these experiential luxuries were up 10.7 percent reaching \$82.8 billion. *The index is based on a survey of over 1,000 luxury consumer (second quarter survey was conducted in July 2006).*

■ CURRENT INDUSTRY DEVELOPMENTS

⇒ Consumer Confidence Index Declines Sharply in August

After a moderate increase in July, the [Conference Board's](#) National Consumer Confidence Index dropped 7.4 points in August (compared to July) to 99.6 (1985=100) – dropping to its lowest level this year. The “Present Situation” index declined to 123.4 (from 134.2 in July), while the “Expectations” index dropped to 83.8 during the month (from 88.9). Conference Board officials state that less favorable business conditions and job outlook were the main reasons behind the steepest one-month confidence decline since Hurricane Katrina last August. Consumers are also increasingly more pessimistic about the short-term outlook.

⇒ Travel Price Index Increases Seven Percent in July

The Travel Industry Association of America's (TIA) [Travel Price Index](#) (TPI) increased 7.1 percent in July 2006, compared to the same month last year. Airfares increased by 5.4 percent compared to prior year levels, while lodging prices increased 4.4 percent. The TPI's increase can be attributed mainly to rising motor fuel prices (+29.4% compared to last July). In addition, the TPI again outpaced the nation's general inflation, reflected in the Consumer Price Index (+4.1%) in June. The TPI is a monthly indicator of the price change in travel goods and services available to the U.S. consumer.

We welcome any suggestions or comments that you may have that will help us improve the quality of the Tourism Industry Update. Please feel free to share your ideas:

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